

**DROUGHT RESPONSE TASK FORCE REPORT
INVESTOR-OWNED WATER UTILITIES
ILLINOIS COMMERCE COMMISSION
WATER ENGINEERING PROGRAM
JULY 6, 2012**

- The Illinois Commerce Commission regulates 37 investor-owned water utilities serving approximately 352,000 water customers. These utilities collectively operate about 118 water systems throughout the State of Illinois. The majority of Commission-regulated water utilities are small ground-water systems (87); the remainder are purchased water systems (20) and surface water systems (11). The Commission does not regulate municipal water systems, water districts, or water systems owned by homeowner associations.
- Only 3 investor-owned water utilities serve more than 1,000 customers each in the State of Illinois: Illinois-American Water Company, Aqua Illinois, Inc., and Utilities, Inc. These utilities collectively serve over 99% of the investor-owned water utility customers in the State. These 3 investor-owned water utilities were contacted to assess the effects of the drought on their water systems.

Illinois-American Water Company

Illinois-American Water Company is the largest investor-owned water utility in the State of Illinois serving approximately 277,000 customers throughout the State with water facilities in the Alton, Cairo, Champaign, Chicago-Metro, Interurban (East St. Louis and Granite City), Lincoln, Pekin, Peoria, Pontiac, South Beloit, Sterling, and Streator Districts. Illinois-American Water Company collectively operates about 45 water systems throughout the State. The Alton and Interurban Districts obtain their water supply from the Mississippi River. The Cairo District obtains its water supply from the Ohio River. The Peoria District obtains its water supply from the Illinois River. The Pontiac and Streator Districts obtain their water supply from the Vermilion River. The Champaign, Lincoln, Pekin, Peoria, Pontiac (Saunemin), and Sterling Districts are ground-water systems. The individual districts within the Chicago-Metro Division are either ground-water systems or purchase Lake Michigan water from other communities. The South Beloit District purchases ground-water from the City of Beloit, Wisconsin.

Illinois-American Water Company reported that they have not experienced any drought-related water incidents at any of their facilities in Illinois thus far this year. They have seen some increase in system deliveries across the state, but so far this year they have not exceeded 85% of the historic maximum day at any district and have adequate supplies and system capacity at each of their districts. Given this, they do not expect any drought-related water incidents at any of their systems in the near term.

There are no drought-related incidents for Illinois-American Water Company this reporting period.

Aqua Illinois, Inc.

Aqua Illinois, Inc. is the second largest investor-owned water utility in the State of Illinois serving approximately 57,000 customers with water facilities in the Candlewick, Fairhaven Estates, Hawthorn Woods, Ivanhoe, Kankakee, Oak Run, Ravenna, University Park, Vermilion, and Willowbrook Divisions in the northern half of the State. Aqua Illinois, Inc. collectively operates about 21 water systems in the northern half of the State. The Candlewick, Fairhaven Estates, Hawthorn Woods, Ivanhoe, Oak Run, Ravenna, University Park, and Willowbrook Divisions are ground-water systems. The Highland Estates Subdivision, Sun River Terrace, and Skyline Subdivision of the Kankakee Division are ground-water systems. Indianola of the Vermilion Division is a ground-water system. The Kankakee Division obtains its water supply from the Kankakee River. The Vermilion Division obtains its water supply from Lake Vermilion. Philo of the Vermilion Division purchases ground-water from Illinois-American Water Company's Champaign District. Oakview Avenue of the University Park Division purchases ground-water from the City of Joliet.

There are no drought-related incidents for Aqua Illinois, Inc. this reporting period.

Utilities, Inc.

Utilities, Inc. has 21 small water utilities scattered in the northern half of the State with a combined 15,000 customers statewide. Utilities, Inc. collectively operates about 31 water systems in the northern half of the State. 19 of these small water utilities are ground-water systems. The other 2 water utilities purchase Lake Michigan water from the Cities of Waukegan and Lake Forest.

There are no drought-related incidents for Utilities, Inc. this reporting period.

Conclusion

There are no drought-related incidents for investor-owned water utilities this reporting period. Both the investor-owned water utilities and the Commission are closely monitoring the situation and the effects the drought may have on utility water systems and their customers. While the water supply has been adequate for investor-owned water utilities, the outlook for those utilities appears to be heavily dependent on the temperature, precipitation level, and resulting water usage.